

**Attorney General Mike Cox**  
**May 2006**  
**Prescription Drug Survey Summary**

**Prescription drug prices may vary from day to day, so the prices you find at your pharmacy may not be the prices that appear in this survey.**

The Attorney General's consumer alert entitled, "Are You Paying Too Much For Your Prescription Drugs? Shop Around and Find Out!" is available at [www.michigan.gov/ag](http://www.michigan.gov/ag).

A power point summarizing the May survey results is available at: [www.michigan.gov/ag](http://www.michigan.gov/ag).

**I. Attorney General Surveyed About 200 Pharmacies in Ten Communities**

Attorney General staff surveyed about 200 pharmacies around the state on May 16, 2006. The communities surveyed on this date are as follows:

Community

1. Ann Arbor
2. Dearborn
3. Farmington Hills
4. Flint
5. Jackson
6. Kalamazoo
7. Marquette/Escanaba/Iron Mountain
8. Midland/Bay City
9. Muskegon
10. Warren

The survey tracked the price charged a cash paying customer without insurance for 10 of the 25 most commonly prescribed medications.

**II. Drug Selection and Call Scripts**

**A. Drug Selection**

The drugs selected for the survey were obtained from the Michigan Department of Community Health (DCH) Web site. The URL for the site is <http://www.mi.gov/mdch/0,1607,7-132--117767--,00.html>. The Web site lists 25 drugs, which are identified as being the top 25 drugs prescribed in Michigan. DCH includes "the average usual and customary price for a month's supply" of each of the 25 drugs. The only quantity information DCH provides is, "for a 30-day supply of medication in the most commonly prescribed dosage." When called, DCH officials were unable to supply quantity information.

## Reasonable Month's Supply of Drugs

Since the DCH Web site's only quantity information is "a 30-day supply of medication in the most commonly prescribed dosage," we consulted a medical doctor for a typical 30-day supply of medication in the most commonly prescribed dosage. That 30-day supply is indicated in the following "Quantity" section of the chart.

The ten drugs we selected from the DCH list are:

Drug Name	Dosage	Quantity	Common Use
Albuterol Inhaler	90 MCG	1 inhaler	Beta-agonist inhaler used to treat or prevent symptoms of asthma, emphysema, and other breathing problems
Amoxicillin	500 mg	30 tablets	Penicillin antibiotic used to treat bacterial infections
Cephalexin	500 mg	30 tablets	Cephalosporin antibiotic used to treat certain infections caused by bacteria such as pneumonia and bone, ear, skin, and urinary tract infections
Gabapentin	300 mg	90 tablets	Anticonvulsant used to treat seizures associated with epilepsy
Ibuprofen	800 mg	30 tablets	Nonsteroidal anti-inflammatory drug used to treat minor aches and pains associated with the common cold, headache, muscle aches, backache, and arthritis
Lexapro	20 mg	30 tablets	Selective serotonin reuptake inhibitor or SSRI used to treat depression and generalized anxiety disorder
Loratadine	10 mg	30 tablets	Antihistamine used to relieve hay fever and allergy symptoms including sneezing, runny nose, and red, itchy, tearing eyes
Nasonex	50 MCG	1 bottle	Steroid inhaler used to prevent and treat seasonal and perennial allergies
Seroquel	100 mg	120 tablets	Antipsychotic agent used in the management of emotional or mood disorders, including schizophrenia
Zoloft	100 mg	30 tablets	Selective serotonin reuptake inhibitor used to treat depression, panic disorder, obsessive-compulsive disorder, severe PMS

## **B. Call Scripts**

The medical doctor also assisted the survey team by contributing to the creation of call scripts. The call scripts contained precise dosing information, a prescribed monthly quantity, and patient profile facts. Surveyors were instructed to strictly adhere to the scripts and to insist on pricing information for the prescriptions as written.

## **III. House Bill 4559**

DCH created its Common Retail Drug Pricing in Michigan Web site around the time House Bill 4559 (Rep. Roger Kahn) passed the state House. A copy of House Bill 4559 can be found at: <http://www.legislature.mi.gov/documents/2005-2006/billengrossed/House/htm/2005-HEBH-4559.htm>.

House Bill 4559 was introduced at the request of Attorney General Mike Cox. The bill would require DCH to provide the Attorney General with the actual cost of prescription drugs that Michigan pharmacies are charging, information that is readily available to DCH. The Attorney General would then post those actual prescription drug costs on a Web site to benefit consumers. Quantity information would be easily accessible.

The House of Representatives passed HB 4559 on May 18, 2005. The legislation was referred to the Senate Committee on Health Policy on May 19, 2005. The Committee took up HB 4559 at a hearing held on March 8, 2006. The bill was referred back to a working group. The legislation requires action by the Senate Committee, the full Senate, and the Governor.

## **IV. Survey Results**

The results from this survey clearly illustrate that drug prices vary significantly both within a community and from community to community. The survey also highlights two significant design flaws of the DCH Web site: 1) posting a single apparent statewide average usual and customary price ignores the fact that drug prices vary within communities; and 2) the unknown quantity information is confusing and makes comparisons difficult.

The Attorney General's survey evidences the need for a Web site that will give consumers a meaningful tool to save money on their prescription drugs by posting actual drug prices for a clear quantity within a specific community.

- A. Multi-Community May 2006 Drug Survey Master Spreadsheet (with pharmacy contact information)**
- B. Multi-Community May 2006 Drug Survey Summary (without pharmacy contact information)**

**C. Individual Community Spreadsheets (with pharmacy contact information)**

1. Ann Arbor
2. Dearborn
3. Farmington Hills
4. Flint
5. Jackson
6. Kalamazoo
7. Marquette/Escanaba/Iron Mountain
8. Midland/Bay City
9. Muskegon
10. Warren

**D. Examples of Pricing Variances within Communities:**

Each community surveyed had notable pricing variances for a given drug surveyed within that community. Just a few examples follow:

In Ann Arbor, consumers needing a month's supply of Nasonex, could pay as little as \$79.69 for a month's supply at the Village Pharmacy II on Maple Road. Consumers who took the same prescription to the Prescription Shop on E. Washington would have paid \$105.15, or **\$25.46 more** than the amount charged by Village Pharmacy II. (DCH price: \$95.26 for a month's supply.)

In Dearborn, a cash-paying consumer needing a month's supply of the antibiotic, Amoxicillin could pay \$7.00 if he had the prescription filled at the Greenfield Pharmacy on Greenfield Road. Alternatively, the consumer could pay \$18.98 if he had the same prescription filled at the Rite Aid Pharmacy on Wyoming Street. The Rite Aid Pharmacy price is 2.71 times more than the Greenfield Pharmacy. (DCH reports an average usual and customary price of \$17.06.)

In Jackson, if a consumer took his prescription for a month's supply of Gabapentin to the Northwest Pharmacy on Springport Road, he could expect to pay \$27.07. If the consumer filled the same prescription at the Grass Lake Pharmacy on E. Michigan Avenue in Grass Lake, the cash price would be \$139.97, or **5.17 times** the cost charged by the Northwest Pharmacy. (DCH average reported price: \$24.95.)

Finally, an asthmatic consumer needing a month's supply of her Albuterol inhaler would have paid \$12.99 for it if she filled the prescription at the Snyder Drug Store off E. State Highway in Gwinn on the day of the Attorney General's survey. The same prescription on the same day at the Peninsula Pharmacy on Fair Avenue in Marquette would cost that consumer \$34.35, or **2.6 times** more than the Snyder Drug Store price. (According to the DCH website, the average usual and customary reported price for this drug is \$28.39.)

## **E. Pharmacies with Consistently High or Consistently Low Prices**

Only pharmacies that had five or more of the highest or lowest prices are referenced. During this survey, no pharmacy provided five or more of the lowest prices. The pharmacies with five or more of the highest prices quoted in that community are referenced:

### **1. Flint**

HIGH: Rite Aid Pharmacy, 3717 Fenton Road and 4515 Corunna Road, provided 6 of 10 highest drug prices in Flint.

### **2. Jackson**

HIGH: Grass Lake Pharmacy, 119 E. Michigan Ave, provided 6 of 10 highest drug prices in Jackson.

### **3. Muskegon**

HIGH: Patterson's Pharmacy, 2144 Hoyt St., provided 5 of 10 highest drug prices in Muskegon.

## **V. Public Health Code Requires Price Disclosure**

The Public Health Code requires pharmacists to give drug-pricing information to consumers who ask for it either in person or over the phone. The law is not discretionary. Pharmacists cannot refuse to comply with this provision. The law states:

Upon request made in person or by telephone, a pharmacist in the business of selling drugs at retail shall provide the current selling price of a drug dispensed by that pharmacy or comparative current selling prices of generic and brand name drugs dispensed by that pharmacy.<sup>1</sup>

The statute further specifies that the pharmacy must supply pricing information to the person making the request "before a drug is dispensed to the person" and that a person requesting pricing information is under no obligation to purchase the drug or drugs for which prices are requested.

Pharmacists are also required to conspicuously post written notice of this consumer right over each counter where prescription drugs are dispensed.<sup>2</sup>

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<sup>1</sup> MCL 333.17757(1) emphasis supplied. A copy of the law is available at: [http://www.legislature.mi.gov/\(au3uw5550h4kvzvvgi1kzn4\)/printDocument.aspx?objectName=mcl-333-17757&version=txt](http://www.legislature.mi.gov/(au3uw5550h4kvzvvgi1kzn4)/printDocument.aspx?objectName=mcl-333-17757&version=txt).

<sup>2</sup> MCL 333.17757(2) & (3).

A total of four pharmacies refused to provide pricing information. Each pharmacy received a letter from the Consumer Protection Division reminding the pharmacy of their obligation to provide price information under the Public Health Code. The letter was copied to the Michigan Department of Community Health, Bureau of Health Professions.

## **VI. Why HB 4559 Web Site Is Important to Michigan Consumers**

According to a 2003 report commissioned by Governor Granholm, 11.7% of the population in Michigan (1,162,797 citizens) are uninsured:

- ? almost all of them are under the age of 65;
- ? one in five are children.

Some insurance companies charge a percentage co-pay instead of the flat-fee co-pay that many enjoy. Additionally, Medicare Part D helps seniors, but they can save by comparison shopping.

### **Relevance of Medicare Part D**

Those who oppose the Attorney General Web site may point to the new Medicare Part D prescription drug benefit and claim that the implementation of the benefit negates the need to publish actual pricing information. That argument is flawed.

The Medicare Part D benefit does not provide qualifying seniors with complete prescription drug coverage. While the benefit is helpful, covered seniors still need to carefully watch the retail prices of every drug they must buy. The plan's coverage is best described by the following chart:

<b>Your costs in 2006 (basic plan, other plans may differ) ...</b>			
<b>If your annual drug costs are between...</b>	<b>You pay...</b>	<b>Up to a maximum of...</b>	<b>Your total cumulative costs are shown below, not including the annual premium...</b>
\$0-250	100%	\$250	up to \$250
\$251-\$2,250	25%	\$500	up to \$750
\$2,251-\$5,100	100%	\$2,850	up to \$3,600
Over \$5,100	5%	No limit	\$3,600 plus for each additional drug you pay \$2 for generic, \$5 for brand name drugs, or 5 percent of the cost, whichever is greater

The \$2,251 – \$5,100 annual drug costs range is considered the benefit's "donut hole." Only after a senior's prescription drug costs exceed \$5,100 will catastrophic coverage apply – requiring the senior to pay a low co-pay.

The opposition is also flawed because it overlooks the fact that Medicare Part D is a voluntary benefit. Seniors may, and many did, elect not to enroll in the benefit. The enrollment period for Medicare Part D began on January 1, 2006, and ended on May 15, 2006. As of April 20, 2006, the Centers for Medicare and Medicaid Services reported that more than 30 million beneficiaries had prescription drug coverage, including the 8 million who had signed up for Medicare Part D.<sup>5</sup> While this number is impressive, it does not account for the millions of Medicare-eligibles (65 and older or disabled)<sup>6</sup> who elected not to sign up for the drug benefit. The publication of cash prices of prescription drug prices is useful information for the senior population who are Medicare Part D eligible.

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<sup>5</sup> United States Department of Health and Human Services News Release, April 20, 2006, <http://hhs.gov/news/press/2006pres/20060420.html>

<sup>6</sup> According to an April 2006 report published by the Henry J. Kaiser Family Foundation, as of January 1, 2006, an estimated 43 million people were eligible to sign up for the Medicare Part D drug plan. <http://www.kff.org/medicare/7453.cfm>

## **VII. Conclusion**

The Attorney General's drug survey illustrates the need to have local drug-pricing information disseminated for specific quantities of drugs. Drug-pricing Web sites are maintained by:

1. Florida Attorney General Charlie Crist (R)  
[www.myfloridarx.com](http://www.myfloridarx.com);
2. Indiana Attorney General Steve Carter (R)  
<http://www.in.gov/attorneygeneral/consumer/rx/index.html>;
3. Maryland Attorney General J. Joseph Curran, Jr, (D)  
<http://www.oag.state.md.us/Drugprices/index.htm>; and
4. New York Attorney General Eliot Spitzer (D)  
<http://www.nyagr.org/>.

The Governor and the Department of Community Health should take drug price information that they already have and make it available on a drug price Web site, including:

1. All communities (searchable by city and zip code);
2. All drugs (dosage and quantity);
3. Monthly updates.



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